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# Department of Higher Education

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## Introduction

The Department of Higher Education was established under Section 21-1-114, C.R.S., and includes all public higher education institutions in the State. It also includes the Auraria Higher Education Center, the Colorado Advanced Technology Institute, Colorado Commission on Higher Education, the Colorado Council on the Arts, the Colorado Student Loan Division, the Colorado Historical Society, and the Division of Private Occupational Schools.

The State has 24 public institutions of higher education that are governed by six different boards. The governing boards and the schools they oversee are:

- **Board of Regents of the University of Colorado**

University of Colorado at Boulder  
University of Colorado at Colorado Springs  
University of Colorado at Denver  
Health Sciences Center

- **State Board of Agriculture**

Colorado State University  
Fort Lewis College  
University of Southern Colorado

- **Trustees of the State Colleges of Colorado**

Adams State College  
Mesa State College  
Metropolitan State College of Denver  
Western State College

- **State Board for Community Colleges and Occupational Education (SBCCOE)**

11 Community Colleges

- **Trustees of the University of Northern Colorado**

University of Northern Colorado

- **Trustees of the Colorado School of Mines**

Colorado School of Mines

The audit recommendations to higher education agencies and institutions follow.

## **State Board of Agriculture**

The State Board of Agriculture has control and supervision of three distinct institutions: Colorado State University -- a land-grant university; Fort Lewis College -- a liberal arts college; and the University of Southern Colorado -- a regional university with a polytechnic emphasis. The Board is also responsible for the Colorado State University Agricultural Experiment Station, the Cooperative Extension Service, and the Colorado State Forest Service.

The Board administers the State Board of Agriculture Fund located at the State Treasury. The Board is authorized to fix tuition, pay expenses, and hire officials. The chief academic and administrative officers are the Chancellor of the Colorado State University System and the President of each institution.

## **Colorado State University System**

Colorado State University, Fort Lewis College, and the University of Southern Colorado have been consolidated as a single financial reporting entity -- the Colorado State University System (CSUS).

## **Colorado State University**

The following comments were prepared by the public accounting firm Grant Thornton LLP, who performed audit work at Colorado State University.

## **Sponsored Programs**

The University receives more than \$91,000,000 in federal funds in the form of research and nonresearch grants. These grants are administered through the University's Office of Sponsored Programs. Expenditures of these funds are subject to various controls including authorizations at both the department level and at the Office of Sponsored

Program level. Additionally, the federal government has established specific compliance requirements which apply to all federally funded programs including, but not limited to, allowable costs and activities and monitoring of funds flowing through the University to subrecipients.

## **Approval of Electronic Journal Entries**

The University has developed a Sponsored Programs Manual which outlines policies and procedures related to administration of federally funded programs. A requirement of the manual is that all charges to the sponsored programs exceeding \$1,000 must be approved by Sponsored Program personnel to determine the cost charged to the program is appropriate and allowable. Within the University each Department may approve and execute direct charges to programs through electronic journal entries. Accordingly, charges for federal programs may not be “routed” through the Office of Sponsored Programs for the required approval before the expenditure is made. However, the Office of Sponsored Programs has the option of printing reports for review detailing direct charges to the programs.

This recommendation could potentially affect every federal award with Colorado State University with the exception of the Student Financial Aid Cluster and encompasses the following federal and pass-through entities: The Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Interior, Labor, State, Transportation, Treasury; the National Aeronautics and Space Administration; the National Endowment for the Humanities; the National Science Foundation; the Small Business Administration; the Environmental Protection Agency; the Nuclear Regulatory Commission; the United States Information Agency; the Corporation for National and Community Service; Arizona State University; Arkansas State University; Aurogen, Inc.; Battelle, Research Park Triangle; Bechtel Hanford, Inc.; Black Hills Special Services Cooperative of South Dakota; Boulder Innovative Technologies, Inc.; California Institute of Technology, Jet Propulsion Lab; Case Western Reserve University; Centro Internacional De Agricultura Tropical; Consortium for International Development; Colorado River Indian Tribes; Dames & Moore; Denver Public Schools; Duke University; East Tennessee State University; Engineering Incorporated; Environmental Science and Research Foundation; Hagler Bailly Consulting, Inc.; Harvard University; John Hopkins University; Kansas State University; Lockheed Corporation; Lockheed Idaho Technologies Company; Lockheed Martin Energy Systems, Inc.; Marshfield Medical Research Foundation; Martin Marietta Corporation; Michigan State University; Midwest Research Institute; Montana State University; National Jewish Center; Neurex Corporation; New Mexico State University; North Dakota State University; Oak Ridge Associated Universities; Oregon Health Sciences University; Orincon; Pennsylvania State University; Partnership for Environmental Technologies; Purdue University; R.M. Towill Corporation; Rutgers, State University

of New Jersey; Sandia Corporation, Sandia National Labs; Solar Enterprises International, LLC; South Dakota School of Mines; Southern Research Institute; Southwest Regional Laboratories; Southwest Research Institute; Stanford University; State of Kansas; State University of New York; Sterling Research; Survey Research Associates, Inc.; Systems Research & Applications; Texas A & M; Texas Research Institute; the Nature Conservancy; Tulane University; U.S. Enrichment Corporation; UCAR-NCAR-COMET Atmospheric Technical Division, National Center for Atmospheric Research, Research Applications Program and SOARS; Universities of California at Lawrence, California at Los Alamos National Labs, California at Santa Barbara, California at Davis, California at Los Angeles, Alaska at Fairbanks, Connecticut, Denver, Georgia, Hawaii, Iowa, Maryland, Massachusetts at Lowell, Miami, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, Nottingham of England, Puerto Rico, Southern California, Texas at Austin, Vermont, Washington, Wisconsin, Wyoming; University City Science Center; Utah State University; Virginia Polytechnic Institute; Washington State University; Washington University at Missouri; Westat, Inc; and Yale University.

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#### **Recommendation No. 4:**

Colorado State University should implement a procedure for preapproval of electronic journal entry charges to federal programs that exceed the \$1,000 threshold. All such charges should be reviewed and approved by the Office of Sponsored Programs.

#### **Colorado State University Response:**

Agree. The electronic journal entry process will become a part of the new Campus Information System, which includes an electronic approval process. All entries that exceed the \$1,000 threshold will require approval prior to being processed. The current electronic journal entry process provides for an after-the-fact review and approval process. Entries not approved via this process are reversed.

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## **State Board for Community Colleges and Occupational Education**

The State Board for Community Colleges and Occupational Education was established by “The Community Colleges and Occupational Education Act of 1967,” Title 23, Article 60 of the Colorado Revised Statutes. The Board functions as a separate entity and, as such, may hold money, land, or other property for any educational institution under its jurisdiction. The statute assigns responsibility and authority to the Board for three major functions:

- Govern the State’s system of community and technical colleges.
- Administer the occupational education programs of the State at both secondary and postsecondary levels.
- Administer the State’s program of grants to local district colleges and area vocational schools.

The following comments and recommendations were prepared by the public accounting firm of Arthur Andersen, LLP, who performed audit work at the Colorado Community Colleges and Occupational Education System.

### **Community Colleges and Occupational Education System**

The eleven colleges in the Colorado Community Colleges and Occupational System (CCCOES) include Arapahoe, Aurora, Denver, Front Range, Lamar, Morgan, Otero, Pikes Peak, Pueblo, Red Rocks, and Trinidad.

### **Front Range Community College**

#### **Reconciliation of Cash Reports to the General Ledger**

The Federal Cash Transactions Report (PMS 272) is filed monthly to report the activity of the individual colleges related to federal funds and the amount of federal cash on hand. It was noted during the audit of the year ended June 30, 1996, that the amount reported on the PMS 272 and requested from the U.S. Department of Education was less than the actual amount per the general ledger by \$41,379. Front

Range is attempting to resolve this difference and receive reimbursement for this amount through correspondence with the U.S. Department of Education.

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### **Recommendation No. 5:**

Front Range should continue to investigate and resolve any noted differences in a timely manner.

### **Front Range Community College Response:**

Agree. During the year ended June 30, 1996, Front Range prepared a schedule, by student financial aid recipient, to indicate the differences between the PMS 272 and the general ledger totaling \$41,379. In connection with the June 30, 1996, audit, this schedule was provided to Ernst & Young who performed certain agreed-upon procedures on the schedule. This schedule was subsequently sent to the U.S. Department of Education as support for the requested reimbursement. Front Range is currently waiting for a response from the U.S. Department of Education.

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